

Property Summary

1314 Harrison Ave
Des Moines, IA 50314



Overview

Finished Area (Square Feet)	2392
Initial Market Value	\$274,000
Purchase Price	\$274,000
Downpayment	\$54,800
Closing Costs	\$1,805
Initial Cash Invested	\$56,605

Income & Expenses	Monthly	Annual
Gross Rent	\$2,145	\$25,740
Vacancy Losses	\$107	\$1,287
Operating Income	\$2,038	\$24,453
Operating Expenses	\$797	\$9,563

Net Performance	Monthly	Annual
Net Operating Income	\$1,241	\$14,890
- Mortgage Payments	\$1,021	\$12,257
= Cash Flow	\$219	\$2,633
+ Principal Reduction	\$337	\$4,041
+ First-Year Appreciation	\$913	\$10,960
= Gross Equity Income	\$1,470	\$17,634

Financial Indicators (Year 1)

Capitalization Rate	5.4%
Cash on Cash Return	4.7%
Total Return on Investment	31.2%
Total ROI with Tax Savings	34.7%

Assumptions

Real Estate Appreciation Rate	4.0%
Vacancy Rate	5.0%
Management Fee	9.0%

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Year 1 Performance Projection

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Des Moines, IA 50314



Overview

Finished Area (Square Feet)	2392
Initial Market Value	\$274,000
Purchase Price	\$274,000
Downpayment	\$54,800
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$56,605
Cost per Square Foot	\$115
Monthly Rent per Square Foot	\$0.90

Income	Monthly	Annual
Gross Rent	\$2,145	\$25,740
Vacancy Losses	-\$107	-\$1,287
Operating Income	\$2,038	\$24,453

Expenses	Monthly	Annual
Property Taxes	-\$162	-\$1,940
Insurance	-\$83	-\$1,000
Management Fees	-\$183	-\$2,201
Leasing/Advertising Fees	-\$32	-\$386
Association Fees	\$0	\$0
Maintenance	-\$161	-\$1,931
Water/Trash/Lawn & Snow	-\$176	-\$2,106
Operating Expenses	-\$797	-\$9,563

Net Performance	Monthly	Annual
Net Operating Income	\$1,241	\$14,890
- Mortgage Payments	-\$1,021	-\$12,257
= Cash Flow	\$219	\$2,633
+ Principal Reduction	\$337	\$4,041
+ First-Year Appreciation	\$913	\$10,960
= Gross Equity Income	\$1,470	\$17,634
+ Tax Savings	\$166	\$1,993
= GEI w/Tax Savings	\$1,636	\$19,627

Mortgage Info	
Loan-to-Value Ratio	80%
Loan Amount	\$219,200
Monthly Payment	\$1,021
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	3.80%

Financial Indicators	
Debt Coverage Ratio	1.2
Annual Gross Rent Multiplier	10.6
Monthly Gross Rent Multiplier	127.7
Capitalization Rate	5.4%
Cash on Cash Return	4.7%
Total Return on Investment	31.2%
Total ROI with Tax Savings	34.7%

Assumptions	
Real Estate Appreciation Rate	4.0%
Vacancy Rate	5.0%
Management Fee	9.0%
Maintenance Percentage	7.5%

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10 Year Performance Projection

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Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent	\$25,740	\$26,770	\$27,840	\$28,954	\$30,112	\$31,317	\$32,569	\$33,872	\$35,227	\$36,636
Vacancy Losses	-\$1,287	-\$1,338	-\$1,392	-\$1,448	-\$1,506	-\$1,566	-\$1,628	-\$1,694	-\$1,761	-\$1,832
Operating Income	\$24,453	\$25,431	\$26,448	\$27,506	\$28,607	\$29,751	\$30,941	\$32,178	\$33,466	\$34,804

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,940	-\$2,017	-\$2,098	-\$2,182	-\$2,269	-\$2,360	-\$2,454	-\$2,552	-\$2,654	-\$2,761
Insurance	-\$1,000	-\$1,040	-\$1,082	-\$1,125	-\$1,170	-\$1,217	-\$1,265	-\$1,316	-\$1,369	-\$1,423
Management Fees	-\$2,201	-\$2,289	-\$2,380	-\$2,476	-\$2,575	-\$2,678	-\$2,785	-\$2,896	-\$3,012	-\$3,132
Leasing/Advertising Fees	-\$386	-\$402	-\$418	-\$434	-\$452	-\$470	-\$489	-\$508	-\$528	-\$550
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$1,931	-\$2,008	-\$2,088	-\$2,172	-\$2,258	-\$2,349	-\$2,443	-\$2,540	-\$2,642	-\$2,748
Other	-\$2,106	-\$2,190	-\$2,278	-\$2,369	-\$2,464	-\$2,562	-\$2,665	-\$2,771	-\$2,882	-\$2,997
Operating Expenses	-\$9,563	-\$9,945	-\$10,343	-\$10,757	-\$11,187	-\$11,635	-\$12,100	-\$12,584	-\$13,088	-\$13,611

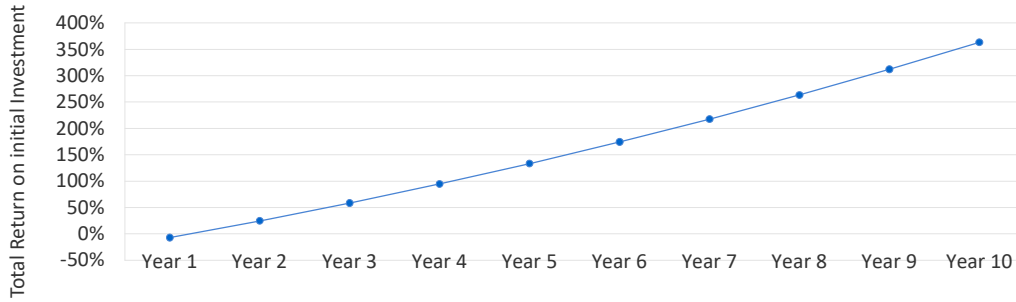
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$14,890	\$15,486	\$16,105	\$16,749	\$17,419	\$18,116	\$18,841	\$19,594	\$20,378	\$21,193
- Mortgage Payments	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257	-\$12,257
= Cash Flow	\$2,633	\$3,229	\$3,849	\$4,493	\$5,163	\$5,859	\$6,584	\$7,338	\$8,121	\$8,937
+ Principal Reduction	\$4,041	\$4,194	\$4,354	\$4,519	\$4,691	\$4,869	\$5,054	\$5,246	\$5,446	\$5,652
+ Appreciation	\$10,960	\$11,398	\$11,854	\$12,329	\$12,822	\$13,335	\$13,868	\$14,423	\$15,000	\$15,599
= Gross Equity Income	\$17,634	\$18,822	\$20,057	\$21,340	\$22,675	\$24,063	\$25,506	\$27,007	\$28,567	\$30,189
Capitalization Rate	5.4%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Cash on Cash Return	4.7%	5.7%	6.8%	7.9%	9.1%	10.4%	11.6%	13.0%	14.3%	15.8%
Return on Equity	31.2%	27.0%	23.5%	21.0%	19.1%	17.7%	16.5%	15.6%	14.8%	14.2%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$284,960	\$296,358	\$308,213	\$320,541	\$333,363	\$346,697	\$360,565	\$374,988	\$389,987	\$405,587
- Loan Balance	-\$215,159	-\$210,965	-\$206,611	-\$202,092	-\$197,401	-\$192,532	-\$187,478	-\$182,232	-\$176,786	-\$171,134
= Equity	\$69,801	\$85,393	\$101,601	\$118,449	\$135,962	\$154,165	\$173,087	\$192,756	\$213,201	\$234,453
Loan-to-Value Ratio	76%	71%	67%	63%	59%	56%	52%	49%	45%	42%
Potential Cash-Out Refi	\$12,809	\$26,122	\$39,959	\$54,341	\$69,289	\$84,826	\$100,974	\$117,758	\$135,204	\$153,336

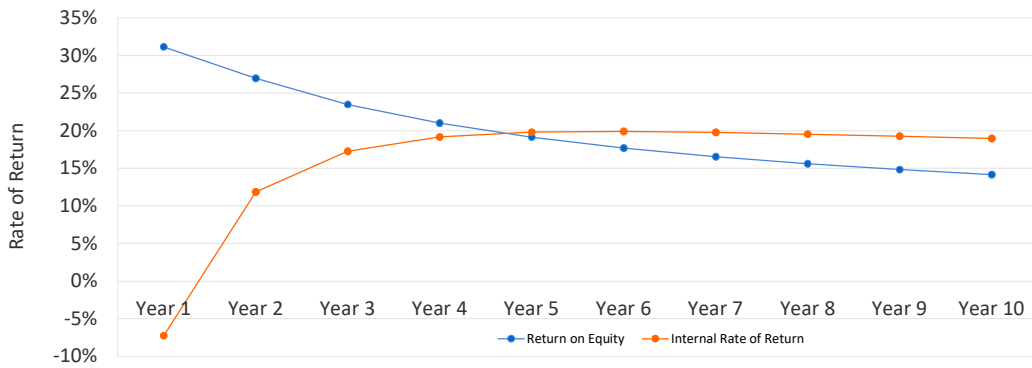
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$69,801	\$85,393	\$101,601	\$118,449	\$135,962	\$154,165	\$173,087	\$192,756	\$213,201	\$234,453
- Closing Costs	-\$19,947	-\$20,745	-\$21,575	-\$22,438	-\$23,335	-\$24,269	-\$25,240	-\$26,249	-\$27,299	-\$28,391
= Proceeds After Sale	\$49,854	\$64,648	\$80,027	\$96,011	\$112,626	\$129,896	\$147,848	\$166,507	\$185,902	\$206,062
+ Cumulative Cash Flow	\$2,633	\$5,863	\$9,711	\$14,204	\$19,366	\$25,226	\$31,810	\$39,148	\$47,269	\$56,206
- Initial Cash Invested	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605	-\$56,605
= Net Profit	-\$4,118	\$13,906	\$33,133	\$53,610	\$75,388	\$98,517	\$123,053	\$149,050	\$176,566	\$205,663
Internal Rate of Return	-7.3%	11.9%	17.3%	19.2%	19.8%	19.9%	19.8%	19.5%	19.3%	19.0%
Return on Investment	-7%	25%	59%	95%	133%	174%	217%	263%	312%	363%

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10 Year Total Return on Investment Projection



10 Year Rate of Return Projection



Assumptions

Closing Costs at Sale	7.0%
Rent Appreciation Rate	4.0%
Property Tax Appreciation	4.0%
Insurance Appreciation	4.0%
Management fee Appreciation	4.0%
Leasing/Advertising Fees Appr	4.0%
Association Fees Appreciation	4.0%
Maintenance Appreciation	4.0%
Other Appreciation	4.0%

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